

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY KUALA LUMPUR

UNCLAS STATE 088637

E.O. 11652:N/A

TAGS:EINV

SUBJECT:"MALAYSIA: ISSUE OF OPIC'S 'TOPICS'"

1. AS PART OF ITS CONTINUING INVESTMENT PROMOTION EFFORT, OPIC PUBLISHES PERIODICALLY SPECIAL REPORTS AS SUPPLEMENTSTO TOPICS, A BIMONTHLY PUBLICATION CIRCULATED TO MORE THAN 4,000 U.S. INVESTORS. THUS FAR SPECIAL REPORTS HAVE BEEN PUBLISHED ON ISRAEL, EGYPT, COSTA RICA, IVORY COAST AND TUNISIA AND HAVE PROVED EFFECTIVE IN PROMOTING NEW INVESTMENT. OPIC PLANNED TO PUBLISH A SPECIAL REPORT ON MALAYSIA AS A SUPPLEMENT TO THE APRIL ISSUE OF TOPICS. TOM SEDLAR, OPIC/VP, RECENTLY VISITED MALAYSIA TO SECURE VISUAL AND OTHER MATERIALS FOR THE REPORT.

2. HOWEVER, BECAUSE OF PROBLEMS OF OBTAINING GOM APPROVAL FOR OPIC INSURANCE AS EVIDENCED BY THE FACT THAT THE GOM HAS GRANTED ONLY ONE APPROVAL (FGA) IN MORE THAN 6 MONTHS FROM AMONG 8 REQUESTED BY U.S. INVESTORS, OPIC QUESTIONS WHETHER THIS IS AN OPPORTUNE TIME TO ISSUE A SPECIAL RE-
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PORT ENGOURAGING NEW U.S. INVESTMENT. OPIC RECOGNIZES THAT

PROBLEMS ARE MORE PROCEDURAL THAN SUBSTANTIVE AND RELATE TO

(1) FOREIGN SUBSIDIARY AS OPPOSED TO PARENT INVESTMENT, (2) TIMING OF GOM APPROVAL - AFTER RATHER THAN BEFORE INVESTMENT IS MADE, AND (3) QUESTIONS REGARDING ADEQUACY OF THE

BILATERAL AGREEMENT. NEVERTHELESS, THESE PROBLEMS HAVE THUS FAR NOT BEEN RESOLVED DESPITE EFFORTS OF OPIC AND EMBASSY DURING PAST 6 MONTHS.

3. SINCE OPIC IS AWARE THAT CLIMATE FOR PRIVATE INVESTMENT IS FAVORABLE, AND REMAINS HOPEFUL FGA LOG JAM WILL BE BROKEN IN THE NEAR FUTURE, IT IS PREPARED TO MOVE AHEAD WITH REPORT IF THERE IS SOME EVIDENCE OF GOM WILLINGNESS TO RESOLVE PRESENT DIFFICULTIES. THIS MIGHT INCLUDE GOM RECONSIDERATION OF FGA REQUEST BY MOTOROLA (APPLICATION NO. 483-72-447) FOR INSURANCE OF ITS PLANT WHICH HAS BEEN OPERATING IN THE KUALA LUMPUR AREA FOR MORE THAN A YEAR, OR RATIONALIZATION AND SIMPLIFICATION OF PRESENT APPROVAL PROCEDURES, PARTICULARLY IN LIGHT RECENT HUNT DISCUSSIONS AND LEGAL MEMORANDUM.

4. REQUEST EMBASSY REVIEW MATTER WITH APPROPRIATE GOM AUTHORITIES AND INFORM OPIC LIKELIHOOD GOM ACTION TO RESOLVE EXISTING PROBLEMS IN NEAR FUTURE.

5. TOPICS SUPPLEMENT ON MALAYSIA WILL BE MORE EFFECTIVE IF IT CAN REFLECT CLARIFIED AND STREAMLINED FGA PROCEDURES. KISSINGER

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